



Pension  
Protection  
Fund

Manager of the Financial  
Assistance Scheme

# Early payments for ill health



Protecting people's  
**futures**

## Register on our FAS member website

We've developed a secure website for the exclusive use of our members.

Please register as soon as you can because the website gives you the freedom to access and manage information about your benefits, and make informed decisions, at a time that best suits you.

Once you've set up an account, you can do lots of things online.



If you haven't started taking your assistance payments, you can use the website to plan your retirement by seeing how much you could receive.



You may also be able to retire online, which means less paperwork for you to complete.



Once retired, you can also view your payslips and P60s online.

You can also use the website to update your contact and personal details, at any time.

To register, please go to the website at [www.ppf.co.uk/fasmembers](http://www.ppf.co.uk/fasmembers) and follow the simple registration instructions. It should only take a few minutes.

If you have any questions or concerns about anything included in this booklet, please visit our FAS member website or get in touch with us. Contact details are at the back of this booklet.

# When we can make early health-related payments

Generally, we'd start making FAS payments to you when you reach your FAS normal retirement age, which is based on the rules of your former scheme. We can begin payments sooner, but only in the following health-related situations:

- ill health
- severe ill health, or
- terminal illness

We'll explain what we mean by each of these, along with the eligibility rules we have in place.

## Ill health

You can ask us to start your FAS payments early because of ill health if you:

- are within five years of your FAS normal retirement age, and
- have been advised by your GP or another medical professional not to work because of ill health and this is likely to continue until you reach your FAS normal retirement age

## Severe ill health

In cases of severe ill health you can ask to receive your FAS payments early if you:

- are aged 55 or over, and
- have a progressive condition or disease, and
- could reasonably be expected to have five years or fewer to live because of the disease, and
- have been advised by your GP or another medical professional not to work because of ill health and this is likely to continue until you reach your FAS normal retirement age

When we talk about a condition that could reasonably be expected to result in death within five years, we don't necessarily mean that a doctor has told you that you have five years or fewer to live. It means that five years or less would be within the range that a doctor could reasonably predict for a person in your situation.

We don't look at other things such as lifestyle in making these decisions. We only consider the specific condition, and its likely effect on life expectancy.

## Terminal illness

If you're suffering from a progressive disease or condition and have been diagnosed as having fewer than six months to live, you can take your FAS payments at any age.

## What you can receive

### How we calculate your FAS annual payment amount

There are different rules for what you can receive depending on your health situation, but in all cases we start by working out how much you're entitled to receive as a FAS member. We calculate this as an annual payment amount.

For details of how we do this, including tax free cash lump sums, please see our 'When you retire' booklet on our FAS member website or call us to ask for a copy to be sent to you in the post.

It's important to be aware that ill health, severe ill health and terminal illness calculations only include increases known as revaluation (which aim to give some protection against inflation) up to the time you start taking payments, rather than up to your FAS normal retirement age.

This means you may get less than if your payments started at your FAS normal retirement age.

## Ill health

Because ill health payments start from an earlier date and are expected to be paid over a longer period of time, the annual payment amount you'd receive is also reduced for early payment.

The reduction means you'd get broadly the same amount overall as if you'd waited until your FAS normal retirement age. But the payments you receive are lower because they are spread over more years. The further from your FAS normal retirement age you start your ill health payments, the bigger the reduction will be.

Taking early ill health payments will affect how much your spouse or relevant partner may get after you die, because the amount they receive would be calculated from your reduced annual payment amount.

If eligible, you can receive payments from the later of:

- the date you first tell us you can't work due to ill health, or
- five years before your FAS normal retirement age

## Severe ill health and terminal illness

If you take your FAS payments early because of severe ill health or terminal illness, your annual payment amount won't be reduced for early payment. You'll be paid at your full annual payment rate.

If you meet the conditions for severe ill health or terminal illness payments, you'll usually be entitled to payments from the date we receive your written request.

## How we pay you

We'd pay you monthly in arrears on the 21st of each month. If this falls on a non-working day, we'll pay on the previous working day instead. Your first monthly payment will include any back payments you're due.



### Getting advice

We can't give you financial advice ourselves. If you don't already have a financial adviser, you can find one at [unbiased.co.uk](https://unbiased.co.uk)

### Payments to your family when you die

If you take your FAS payments early because of ill health, your spouse, civil partner or relevant partner may be able to receive payments from us after you die. A relevant partner is someone who you aren't married to, or in a civil partnership with, but who you live with as if you're married or in a civil partnership. A relevant partner will only qualify for FAS payments where your former scheme rules allowed it.

You don't need to nominate a spouse or civil partner as a beneficiary for them to be able to receive payments from us after your death.

If your former scheme rules allowed for survivor payments to relevant partners and you have a relevant partner, it's important that you nominate them as your beneficiary. You can do this on our FAS member website or over the phone using the contact details at the back of this booklet.

Your children will also be entitled to FAS payments after you die if they're:

- under 18, or
- over 18, but under 23 years old, and:
- on a qualifying full-time educational or vocational course, or
- unable to work full-time due to a qualifying disability

If you choose to receive ill health payments, the amount your family receives will be based on the reduced annual amount we calculate to account for you receiving payments over a longer period of time. If you take early payments due to severe ill health or terminal illness, we don't reduce your annual payment and so payments to your family will be based on that unreduced amount.

For more details on how we work out payments to your family, please take a look at the 'Payments for spouses, partners and children' booklet on our FAS member website or call us to ask for a copy to be sent to you in the post.

### Your tax

Your payments are regarded as earned income, which means you have to pay tax on them.

HM Revenue and Customs (HMRC) will take into account all taxable income you receive, including your State Pension, other earnings and bank interest before issuing you with a tax code.

We'll produce a P60 for you at the end of each tax year. P60s are available to view, at any time, on our member website. You can also request a copy by post. Your P60 will let you know the total payments you've received and the amount of tax deducted.

If you have any questions about your tax, please contact HMRC using the details below and quoting reference 406/JA34863.

**Pay As You Earn and Self Assessment  
HM Revenue and Customs  
BX9 1AS  
United Kingdom  
Phone: 0300 200 3300**

### FAS payments and state benefits

Receiving FAS payments could affect any state benefits that you may already receive, such as Pension Credit, Jobseeker's Allowance, Income Support and Housing Benefit. If you're receiving FAS payments, you should tell the office that pays your state benefits.

Receiving FAS payments won't affect your occupational pension from other schemes, your personal pension or your State Pension.

If you have any concerns or questions about this, please get in touch with us.

## Lifetime Allowance and the new Tax-Free Lump Sum Allowance

Between 6 April 2006 and 5 April 2023, people were only allowed a maximum amount of pension benefits throughout their lifetime without triggering a tax charge. This amount was called the Lifetime Allowance (LTA).

As part of the Government's plan to remove the LTA, from 6 April 2023 to 5 April 2024 the tax charges that applied to pension benefits in excess of the LTA were removed. However, from 6 April 2024, the LTA will be replaced with two new allowances, the Lump Sum Allowance and the Lump Sum and Death Benefit Allowance.

These allowances apply when certain tax-free lump sum benefits are taken.

### The Lump Sum Allowance

The Lump Sum Allowance limits the amount of tax-free lump sum that an individual can take across all of their pension arrangements. The allowance is currently £268,275.00.

Any amount of pension commencement lump sum or any untaxed amount of lump sum(s) paid from a money purchase arrangement (known as uncrystallised funds pension lump sums or UFPLS), paid since 6 April 2024, is deducted from this allowance.

Benefits taken before 6 April 2024 are also taken into account. Where an individual hasn't used all of their LTA, this is typically done by deducting 25 per cent of the value of the total benefits taken prior to 6 April 2024, or by deducting the amount stated in an individual's transitional tax-free amount certificate, where available.

For more information, please visit the HM Revenue and Customs (HMRC) website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

### The Lump Sum and Death Benefit Allowance

The Lump Sum and Death Benefit Allowance is £1,073,100.00. To work out how much is available in respect of an individual, you'd deduct any of the following types of payment made since 6 April 2024 from the allowance:

- (i) the amount of any pension commencement lump sum; and
- (ii) the untaxed amount of
  - a. lump sum(s) paid from a money purchase arrangement, known as uncrystallised funds pension lump sums (UFPLS);
  - b. any serious ill-health lump sum;
  - c. any lump sum death benefit.

The above may be subject to certain exceptions depending on your circumstances. Benefits taken before 6 April 2024 are also taken into account.

The amount deducted from the allowance in respect of benefits taken before 6 April 2024 may vary depending on a number of factors, including whether the individual had exceeded their LTA, or whether a serious ill-health lump sum, or death benefits lump sum, has been paid before that date.

For more information, please visit the HMRC website [www.hmrc.gov.uk](http://www.hmrc.gov.uk).

### **HMRC benefit protections**

Some people may have a form of protection for their benefits, under HMRC rules. If this applies to you, please let us know as soon as possible. If you think you may be affected by the Lump Sum Allowance (or your benefits are subject to HMRC protections), we recommend that you seek advice from an independent financial advisor.



**If you think you're entitled to receive early FAS payments because of ill health, please call us on 0330 678 0000.**



### **What we need from you**

If you think you're entitled to receive early FAS payments because of ill health, please call us on 0330 678 0000 as soon as possible. We may need to ask you about your condition or disease so that we can send you the appropriate form.

Your health-related illustration form shows you how much you can receive. If we think, based on the initial information you provide, that you're eligible for more than one type of health related payment, we'll send you multiple forms so that you can compare the different amounts you can receive.

It's important that you check you're happy with the figures we're quoting.

You may want to speak to a financial adviser to help you with this.

If you're happy with the details on your illustration form, you must get your doctor to complete their declaration which confirms your illness. You'll also need to provide your bank details and complete your own declaration section. If any of these parts aren't completed correctly, we won't be able to set up your payment.

# Summary of the main conditions and details

Conditions for payment	Ill health	Severe ill health	Terminal illness
When can I claim?	Within five years of FAS normal retirement age	From age 55	At any age
Details of illness	Unable to work due to ill health and likely to remain so until FAS normal retirement age	<div><div>– Expected to live for fewer than five years due to progressive disease, and</div><div>– Unable to work due to ill health and likely to remain so until FAS normal retirement age</div></div>	Expected to live for fewer than six months
Details of payment			
Reduced to reflect early payment	Yes	No	No
Accrued pension revalued up to the date the payments begin	Yes	Yes	Yes

# Do you need assistance?

We understand that some of our members may need some extra assistance from time to time and so we have a number of services and tools in place to help.

- If you need, or would prefer, to have a representative contact us on your behalf, we can send a Letter of Authority form for you to complete and return. The form is also available on our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members).
- If you need, or would prefer, to have a representative make decisions or amend personal information on your behalf, please send us a Power of Attorney. More information on how to make or register a lasting Power of Attorney can be found on the government website [www.gov.uk/power-of-attorney](http://www.gov.uk/power-of-attorney).
- If you have a sight impairment, we can provide letters and other communications in large print or Braille, in alliance with the Royal National Institute of Blind People (RNIB).
- For members who have a hearing or speech impairment Relay UK will enable you to communicate with companies over the phone. This service is regulated by Ofcom and is fully compliant with the General Data Protection Regulation (GDPR). Our staff can provide further information on how Relay UK can assist you and how we work together with them to support our members. Alternatively, you can find more information on their website [www.relayuk.bt.com/about-relay-uk](http://www.relayuk.bt.com/about-relay-uk).
- For members experiencing mental health issues, our Contact Centre staff are trained to provide supportive conversations and know how best to assist members facing a number of difficulties and problems. All staff are familiar with the right organisations to signpost people to, where necessary.
- Our member website [www.ppf.co.uk/members](http://www.ppf.co.uk/members) is available to all of our members and can make it easier for you to access information, such as viewing our correspondence on screen. You can also contact us via the website through our secure messaging service. We're always finding ways to develop the website further and offer more online services to our members.



If you'd like to talk to us about any of these services, please contact us using the details at the end of this booklet. If the assistance you need isn't mentioned on this list, please don't hesitate to contact us so we can discuss how we can help. You can also use our secure messaging service to let us know of any vulnerability you may have and how we can further support you.

### Protecting your data

We take care to handle your personal data in compliance with data protection legislation.

We process your personal data correctly and lawfully, to enable assistance payments to be made to you, to keep you up-to-date with developments and to seek your feedback about ways we could improve our service.

We won't rent, swap or sell your personal data to any other organisation.

You can view our full privacy policy at [www.ppf.co.uk/fasmembers](http://www.ppf.co.uk/fasmembers) or you can request a printed copy of the privacy policy be sent to you.

This booklet is for guidance only. It's necessarily simplified and not a definitive statement of law or entitlement.

Information in this booklet is based on our current understanding of the legislation governing the FAS in force at the time of writing.

Payments will always have to be calculated in accordance with legislation which will, therefore, override in the case of conflict.



Manager of the Financial  
Assistance Scheme

## **Contact us**

**FAS Member Services Team**  
FAS Member Services  
Financial Assistance Scheme  
PO Box 287  
Wymondham NR18 8EZ

## **Telephone**

0330 678 0000 (Monday to Friday,  
09.00 to 17.30)

## **Overseas Members**

+44 (0)208 406 2121

## **Email**

[fasmembers@ppf.co.uk](mailto:fasmembers@ppf.co.uk)

## **FAS Member website**

[www.ppf.co.uk/fasmembers](http://www.ppf.co.uk/fasmembers)

Keeping your personal data secure is very important to us. That's why we're now asking you not to email us with any changes you want to make to your personal information. Your personal details, either in the email or on any attached documents, are the type of information fraudsters look for. So for your safety, we provide a secure messaging service through our member website. We can also reply back to your web account and you'll be notified when you have a new message from us. You can also safely upload documents to our member website using our Send Us a Document Tool. As well as being quick and simple to use, you'll know your details are secure.